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THE WHITE HOUSE

WASHINGTON

February 10, 1988

MEMORANDUM FOR HOWARD H. BAKER, JR.
CHIEF OF STAFF TO THE PRESIDENT
FROM: ARTHUR B. CULVAHOUSE, JR. *(BC)*
COUNSEL TO THE PRESIDENT
SUBJECT: December 7, 1985 and January 7, 1986 Meetings

Attached for the Vice President, per the President's direction, are summaries prepared by my staff of the relevant testimony of the participants in the December 7, 1985 (Residence) and January 7, 1986 (Oval Office) meetings with the President on the Iran initiative. The December 7, 1985 meeting is summarized at Tab A and apparently was very contentious; all living participants agree that the Vice President was not present. The January 7, 1986 meeting is summarized at Tab B and discussed in some detail at Tab C. All currently living Cabinet and staff participants in that meeting have testified before the Iran-Contra committees or the Tower Board that Secretaries Shultz and Weinberger voiced opposition to the Iran arms sales at the January 7 meeting. The schedules of the President and the Vice President and publicly available testimony reflect that the Vice President was present at the January 7 meeting, although the Vice President's schedule (but not Jim Kuhn's) indicate the Vice President may have been a few minutes late.

Those summaries are very closely held in my office, and the January 7, 1986 summary was provided to the Vice President's staff (Craig Fuller).

Attachments

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January 7, 1986 Meeting of NSC Principals

Attendees: President, Vice President, Secretary Shultz, Secretary Weinberger, Attorney General Meese, Director Casey, Chief of Staff Regan and Admiral Poindexter. [Schedule of President Ronald Reagan]

Regan Testimony on Shultz/weinberger objections:

- o Select Committee Testimony 7/30/87, at 42

Q: At the January 7th meeting, Secretary Weinberger expressed some concerns about the legality of this operation. Do you recall that?

A: I don't recall it being Secretary Weinberger. It is probable that he did so. But I know somebody raised objections.

Q: About the legality.

A: Yes.

- o Tower Board Interview, 1/7/87, at 30

Chairman Tower: I think this is important. To what extent was the President informed of what the likely consequences of compromising the security of the operation would be and was the President informed about the kind of shady characters that we were dealing with? And did the President know that this would be an NSC operation rather than an agency operation?

A: The President was told, but by no means was it really teed up for him of what the downside risk would be here as far as American public opinion was concerned. There was no sampling. No one attempted to do this. The NSC certainly didn't in any paper or any discussion say that.

I don't believe the State Department in its presentation arguing against this really brought out the sensitivity of this [referring to public opinion-related risks]. None of us was aware of that I regret to say.

General Scowcroft: Obviously from the January 7 meeting you were not so struck by whatever George Shultz or Cap Weinberger said that you were led to say, my God, what is it we are getting into, is that right?

A: I recognized the validity of what [Secretaries Shultz and Weinberger] were saying, you know, that we didn't want to be in a position of trading one for one. Give me a

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hostages, and to get 100 rifles or whatever the price would be. Um, we couldn't be in that [at 3G].

- o SSCI Testimony 12/10/86, at 30-31

Q: And what was the gist of the conversation that took place?

A: Again, a discussion on the finding that Poindexter was proposing as to how we would proceed with Iran. And again, as I previously said, the points of view were, by that time, reasonably well established -- the Secretary of State, Secretary of Defense saying no, this isn't the way to go, CIA and NSC saying we've got to keep these lines open. They're good intelligence lines. They're good for future use. They might have some utility for hostages. And accordingly, we should go along with the sale of a moderate amount of arms to Iran.

Poindexter Testimony on Shultz/Weinberger objections:

- o Deposition, 5/2/87, at 147

Q: On the meeting that you had on the 7th, What was the line-up in terms of who was in favor and who was against?

A: I think everybody in the meeting on the 7th of January was in favor of doing it except the Secretary of State and the Secretary of Defense. That is my best recollection.

- o Testimony, 7/15/87, at 76,

Q: And without getting into great detail, is it true that Secretary Shultz and Secretary Weinberger again [on 1/7/86] expressed their opposition to the initiative?

A: Yes, they did.

Q: And is it also correct --

A: Very vigorously.

- o Testimony, 7/15/87 at 78-79

Mr. LIMAN. And would you just tell us why that change [between 1/6 and 1/17 Findings] occurred?

A: Yes. In, I believe it was the 16th of January, the day previous, prior to the President signing this finding, I had called a meeting in my office to which I invited Secretary Shultz, Casper Weinberger, Bill Casey and Ed Meese to discuss the finding. Because our -- well, Bill Casey's staff and mine had continued to work after the 7 January meeting in the Oval Office on the finding, and there were further

discussions with Ed Meese on the finding, and before I took the final version to the President, I wanted to sit down with the other principals to go over it once again.

As I recall, the timing of the meeting was impromptu, and although Secretary Shultz, by my recollection, and I did talk to Bill Casey in November of '86, and his recollection was the same as mine, that Secretary Shultz was there initially but had to leave because of a conflicting engagement. And, as I recall, he said, "Well, John, you know my view on this, I don't think we ought to go ahead with it", and he did not really participate in discussions after that and, in fact, left for another meeting.

Meese Testimony on Shultz/Weinberger objections:

- o Select Committee, 7/27/87, at 4-7

"Admiral Poindexter and Director Casey favored the initiative, Secretary Shultz and Secretary Weinberger opposed it. My own counsel was that, while a very close question, the benefit seemed to slightly outweigh the risks, especially since I had the impression at that time that a timeframe of 30 to 60 days was contemplated and that the risks were, therefore, short-term."

"I should add parenthetically that it was not my understanding at the meeting that anyone was discussing arms for hostages transactions or that the President understood the proposal in those terms."

- o Select Committee, 7/28/87, at 21-24

"In the meeting on 7 January with the President, the issue of whether the Iran initiative, and it was never confined to selling arms per se, it was a total initiative, it had several objectives, ...first it was always in light of this being a very dangerous world."

- o Select Committee, 7/28/87, at 24-26

Q: Did anyone make any reference to any of the prior history of this initiative at that meeting?

A: No. At that meeting I do not remember any reference to the prior history of the initiative.

- o Tower Board Interview, 1/20/87, 6-10

"Cap and George were opposed to the idea. I don't remember what the Vice President or Don Regan might have said. Bill Casey was very much in favor of the idea.

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"There was a relatively thorough - I mean, it was very clear that their [Shultz's and Weinberger's] positions were that they were opposed to it, that George felt this was at odds with our policy in regard to terrorism, that it could hurt us with our allies or with friends around the world. Cap was concerned primarily about the terrorism policy".

o HPSCI Testimony, 12/19/86, at 7-10

"The first time that I can recall this coming to my attention was on the 7th of January of 1986 when after a National Security Council meeting the President, through John Poindexter, then his assistant for national security affairs, asked a few of us who had been in that meeting to come to the President's office, the Oval Office.

"In that meeting to the best of my recollection were the President, and Vice President, Secretary Shultz, Secretary Weinberger, Bill Casey, the Director of Central Intelligence, John Poindexter, the Assistant for National Security Affairs, and myself.

"It is possible that John Poindexter's assistant may have been there at that time, but I cannot recall precisely.

"At that time and again this is the first I can recall hearing about it, a plan was outlined which would involve seeking certain objectives in regard to Iran. One objective was to develop a relationship with more responsible elements in the Iranian government. It was mentioned that some of these elements were dissatisfied with the way in which Iran had been governed and were interested in developing a channel of communication with the United States, also possibly taking actions that might change the general direction of that country but certainly to preserve communication with the United States at whatever time the government there changed.

"In our minds we obviously had consciousness at some point in the future the death of the Ayatollah Khomeini and the desire for maintaining such a channel of communication.

"The second objective that was discussed at the time had to do with bringing an end to the Iran/Iraq war and particularly to keep that war from spreading in the meantime.

"Thirdly, an objective that was discussed had to do with decreasing the participation by Iran in subversion and terrorism.

"And a fourth major factor in consideration was to ensure that Soviet influence in that region of the world was contained and that the Iran situation or the Iran-Iraq war

or other incidents relating to Iran were not allowed to go forward in a way that would provide easy access of the Soviet Union to that area.

"All of us had in mind the fact that the Soviet Union had over the previous four or five years deployed their troop concentration, changed the level of headquarters and done other things to put them in a position where they appeared poised to try to exert their influence in that area if any possibility or opportunity provided itself.

"The other matter that was very much of concern in the discussions was to obtain the assistance of the Iranians of the moderate or more responsible Iranians in helping us obtain the release of our hostages which were held by a group in Lebanon with which we believed that Iranians might have some influence.

"The plan was discussed based on conversations that had been previously held and particularly with the representatives of the Israeli government as helping and making suggestions on how this channel of communications could be established.

"Particularly, it was indicated that the Iranians who felt that they were subjecting themselves to considerable personal danger needed a quid pro quo, as it was described, I believe, to show the good faith of the United States in establishing such a relationship. The quid pro quo, or the show of good faith by the United States that was requested, was for us to supply limited amounts of arms to the Iranians and it was indicated that this would show that there was some benefit to Iran from this channel of communications with the United States, because these would be certain types of defensive arms that were needed by the Iranian army.

"It was also indicated at that time that the Iranians would make their show of good faith by assisting us in trying to use their influence to obtain the release of the hostages that were being held in Lebanon.

"This matter was discussed at quite some length. Mr. Casey gave quite a presentation of a potential Finding for the President. I cannot recall whether he was actually reading from a Finding or whether he was merely reading from talking points, but in any event, he presented the idea of a Finding. The matter was discussed. Mr. Shultz and Mr. Weinberger were both opposed to the idea. Mr. Casey was in favor of the idea.

"I indicated that I thought it was risky but that probably the potential benefits were worth the risk.

"I cannot recall at this stage whether Mr. Regan made any comment one way or the other -- excuse me, I neglected to say that Mr. Regan was also present at that meeting.

"I cannot remember any particular comment by the Vice President."

- o Select Committee Deposition, 7/8/87, at 24

While referring to January 7, 1986 meeting:

"My recollection is that the persons that did most of the talking were John Poindexter and Bill Casey. I believe that John Poindexter raised it but Bill Casey also talked about it."

Shultz Testimony on Shultz/Weinberger objections:

- o Select Committee Testimony, 7/23/87, at 82-84

Q:[O]n January 7, 1986, there was a meeting at the White House...pretty much the same principals who had attended back on December 7, except that Attorney General Meese was at the January 7 meeting, as was Director Casey.

The proposal that Mr. Nir had brought was put on the table, and you and Secretary Weinberger argued against it again?

A: Right

Q: What was the President's position?

A: Well, it seems to me that as people around the room talked, that Secretary Weinberger and I were the only ones who were against it. And so that included everybody who was there on the other side of the issue, which surprised me, and it almost seemed unreal, and I couldn't believe that people would want to do this. I thought it was a bad idea.

Q: When you left that meeting, did you feel that a final decision had been made by the President to go forward?

A: Well, it was very clear to me that he wanted to push in that direction. But, of course, I had been there before, in the sense of things starting and not really jelling, so I went away puzzled, distressed.

Again reminding you of the difficulties I had with the intelligence and security people about lie detector tests I was continually concerned about that. I didn't debrief, so to speak, at the department to my executive assistant, so I don't have any notes on that meeting. But I do remember it very well.

- o Select Committee Testimony, 7/24/87, at 11-12

responding to question put by Congressman Broomfield:

"I was present at the meetings in December and January with Secretary Weinberger and I expressed our views. I'm sure you will hear Secretary Weinberger. But I thought he was very forceful and I thought I was forceful, too. He didn't sit there and say, there's five arguments this way and four arguments that way. We were arguing.

"So if your point is that the President was in some doubt about our views, your point is wrong."

o Tower Board Interview, 1/22/87, 38, 42-44

"I again stated my views in full. I recall no discussion about a finding then or at any time thereafter, until it was revealed by Vice Admiral Poindexter in a meeting at the White House on November 10, 1986.

"I felt at that meeting that Cap was against it and I was against it and everybody else in the room was in favor.

"Well, I stated all of the reasons why I felt it was a bad idea, and nobody, in retrospect, has thought of a reason that I didn't think of. I mean, I think this is all very predictable, including the argument against those who said well, this is all going to be secret or it is all going to be deniable; that that is nonsense.

"So, all of that was said. And in that January 7 meeting, I know that I not only stated these things, but I was very concerned about it, and I expressed myself as forcefully as I could. That is, I didn't just sort of rattle these arguments off. I was intense. The President knew that.

"The President was well aware of my views. I think everybody was well aware of my views.

"It wasn't just saying oh, Mr. President, this is terrible, don't do it. There were reasons given that were spelled out and which are the reasons that you would expect.

"[N]obody said very much. As I made these arguments, Cap basically agreed with them. He didn't restate them. But I took the initiative as the person in the room who was opposed to what was being proposed. I cannot give you a full accounting, but it was clear to me by the time we went out that the President, the Vice President, the Director of Central Intelligence, the Attorney General, the Chief of Staff, the National Security Advisor all had one opinion and I had a different one and Cap shared it.

"The nature of the players the risks when - I would say "when," not "if" - it came forward publicly - the

description always was that Israel was going to be the conduit, and, therefore, it would be deniable, and we'd just say well, we don't know anything about it, and it's something Israel is doing, and so on. All of this was argued with, that it wouldn't work."

o Tower Board Interview, 1/22/87, at 84

Q: Did you ever go to the President privately on this, outside of the meetings, or did you ever tell him that it was an issue on which you felt so deeply that you could not support him? I mean, that is the kind of ultimate sanction. Or did it even appear along the way that it was kind of issue to you?

A: Well, I felt strongly about it, and during the 1985 period, I fought it, and by the time the year came to an end, I felt that well, we had this battle and it's over with. They made their effort and -- the end.

Weinberger Testimony on Shultz/Weinberger objections:

o Select Committee Testimony, 7/31/87, at 109-111

Q: Do you recall that the discussion at that meeting (1/7/86) was once again the Iranian Initiative?

A: Yes, it was a replay really of the whole thing, and, again, I made the same arguments with increasing force, but apparently less persuasion, and George Shultz did the same thing.

Q: Had the views of the other people who attended the meeting changed by January 7?

A: Well, the President seemed to have had a different view by this time, to me. I reached a conclusion at the end of the meeting the President now favored the plan.

Q: And Secretary Shultz and yourself were still arguing vehemently against the plan.

A: Oh, yes, we were indeed.

Q:....[W]as there any discussion of your real objections at this meeting on January 7?

A: Yes. In January, the Attorney General was present and gave the President an opinion that there were other ways, other procedures under which the transfers, if the President so concluded, that he wanted to do, could be used, that we didn't have to use the Arms Export Control Act, that there were earlier opinions and that the Attorney General

concurred in those, that there were ways this could be done, and you didn't have to use the specific statutes.

Q: Do you recall if the Attorney General at that time gave an indication about what those alternative ways were?

A: No, he didn't. He simply advised the President there were other ways this could be done and that the objections that were raised about the Arms Export Control Act were indeed valid but that that act did not have to be used.

Q: Do you know why it was that the President's position on this issue had changed over the month?

A: No, I don't.

Q: Was there any discussion about factors or things that had changed?

A: No. The meeting, as I said, in January seemed to be very much a re-run of the December meeting with the exception that I noted. That is to say, I made the same point, George Shultz made the same points. Bill Casey felt that there would be an intelligence gain, and there was also talk of the hostages as one of the motivating factors, but not the motivating factor, but the responses of the [P]resident seemed to me to indicate he had changed his view and had now decided he wanted to do this.

Q: ...[W]as a decision actually made at the January 7 meeting?

A: [N]o.

Tower Board interview, 1/14/87, at 14

"The only time that I got the impression the President was for this thing was in January, which was January 6 or 7, and at that time it became very apparent to me that the cause I was supporting was lost and that the President was for it. And shortly after that, we got a call, I didn't, but Colin Powell did, I believe, from John Poindexter who by that time had succeeded, saying there had been such a decision and the President wanted us to proceed with the transfer of this initial set of arms. The numbers changed. I think initially it was 2,000, and went up to 4,000, but they were to be transferred in amounts sort of as drawn."

o Tower Board Interview, 1/11/87, at 21

Q: Do you recall in any of those meetings at which you and Shultz raised your objections, was there any discussion of

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some sort of plan to fall back on in the event the matter became public, some plan for dealing with Congress, dealing with the public or the allies?

A: Not. The assumption was always that it would be kept secret, and I always argued that you couldn't do that, that there is no way when it was in the hands of people such as the Iranians, and that if the Israelis ever wanted to use it, they could, and so forth and so on. But no, there wasn't any contingency plan discussed that I ever heard of.

- o Tower Board Interview, 1/14/87, at 23

Q: Was there any discussion or a straight arms-for-hostages swap?

A: Not really. Obviously the hostage recovery was a factor that was always mentioned. The McFarlane discussions always also included the idea that this would be a way to get a better permanent relationship, that Khomeini wouldn't live forever, a proposition which I disputed, and that we needed to do something about this. My own feeling is that he will live forever.

But that was essentially that was involved.

- o Tower Board Interview, 1/14/87, at 55-56

Q: I know it is very difficult to recall meetings, but there was a meeting held in Poindexter's office on January 16, the day before the President signed the Finding, where you and Attorney General Meese and Director Casey and the General Counsel of the CIA, a gentleman named Stanley Sporkin apparently discussed the Finding regarding Iran that was signed January 17.

A: I don't have any memory of the meeting.

- o HPSCI Testimony, 12/18/86, at 8-9.

"There was another meeting then in January, at which the idea was raised again and at that time, the idea was discussed before the President, this was in the Oval Office I believe, and Mr. Shultz was there, I believe the Vice President was there, Mr. Casey was there this time, Mr. McMahon had represented him at the December meeting, and two or three others and McFarlane.

"I think he was still there even though he had resigned a day before or two days before.

"Again the idea was broached and again the point was made that these emissaries, these representatives of Iran were people with whom we could deal even though one or two of

them had extremely bad records as far as veracity was concerned, and general mendacity. And again I made the arguments and again Mr. Shultz made the arguments that this was not a thing we should be doing.

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"It became apparent to me that the President had decided that he wanted to do this and that the combination of trying to get a better relationship with Iran and helping to free the hostages who were held then was appealing to him."

- o HPSCI Testimony, 12/18/86, at 27

"The only people who argued against it was George Shultz and myself, and we argued very strongly against it."

- o SSCI Testimony, 12/17/86, at 9-10

"Then at the January 7th meeting, Mr. Shultz was there, Mr. Maese was there, the Vice President was there, and Mr. Casey was there. Mr. McFarlane I think was still there even though he had left the day before. I believe he was there, but I am not sure. And Mr. Poindexter was there.

"The plan was again presented, but the President indicated very strongly in his comments that he wanted to do this. I argued again extremely strongly against it, perhaps more strongly than I had before in an attempt to persuade the President that we shouldn't do it.

"I am really very uncomfortable discussing with you the advice I give the President. I haven't done it with anyone else, but I was told you have already been advised of it, so I will break that lifelong rule that I don't do that. But then in any event, it then became very apparent to me, and I guess to George Shultz, that the President had decided that he did want to do this, and the -- and the arguments were in a sense being refuted as I made them. And it was very clear that the President had decided he wanted to do this and it was to be a -- we'd be told about the actual quantities of weapons and that they would be defensive weapons, and it was only to demonstrate the good faith of the emissaries and so forth and so on.

"I, as I say, made all of the arguments I could and continued probably making the arguments beyond the normal time you discuss matters like this with the President. But his mind was made up, and that was quite clear."

- o SSCI Testimony, 12/17/86, at 26-27

Q: ...now I am going to go to the January 7th

A: Yeah.

Q: You have testified that the President came to that meeting in effect with his mind made up. It was quite clear the President really wanted to do this.

A: Well, it became clear. Again, we used the same format and the issues were summarized, and I think McFarlane had had in negotiations or in dealings with some of these individual Iranians, and that they still thought that it could result in a better opening to the country and possibly a release of some more hostages and so on. They then asked [for] comments, and George Shultz and I both separately weighed in with strong objections, repeating almost all of the things we had said before, but the President with his questions indicated to me, very strongly, that he felt that this was something that he should try. And that while there were risks in the sense that the Iranians may not prove reliable, which was one of my big points that I was arguing that I didn't think they were at all, and that a lot of the failed hopes and all in the past had demonstrated this, and I didn't think they had any real ability to release the hostages, or even maybe that they didn't know where they were, nevertheless the President indicated by his response and by his comments that he wanted to -- wanted to do this; he wanted to try this. And he felt that -- and then I argued very strongly against the arms aspect of it, the arms transfer, as being totally inconsistent with all the things I was telling various countries and in NATO meetings and so on, and urging them not to do, and he said, well, these would just be a small number and they would be just defensive arms, and it was really just a token to let them know that emissaries were authorized and things of that sort. George Shultz made all of the same arguments, but again, the President, in each of his comments, indicated that he wanted to do this. You keep arguing as long as you can, and I did, but -- perhaps longer than I should have -- but it was quite clear that he had made up his mind that he wanted to do this.

Vice President Testimony on Shultz/Weinberger Objections:

- o Tower Board Interview, 12/18/86, McFadden Summary, at 2

"Vice President Bush indicated that he had not been present at a meeting in early December 1985, when State and Defense objected to the arms sales to Iran."

- o McFadden Summary, at 8.

"The question was asked how it was that in early 1986 the President would have acted contrary to the advice of Messrs. McFarlane, Shultz and Weinberger about arms to Iran? The Vice President allowed that he found it difficult to imagine that the President would go forward in those circumstances.

Nevertheless, he noted that the President often "holds things pretty tight".

Nb. According to the State Department chronology of the Iran initiative, the Secretary of State attended two meetings, in addition to the January 7, 1986 meetings, at which the Iran initiative was discussed. Apparently, Secretary Shultz attended a "Cabinet meeting" at the White House from 2:00 p.m. to 3:00 p.m., but was not present at 5:00 p.m. to 7:00 p.m. for the discussion of the Iran initiative. [Poindexter recalls Secretary Shultz leaving a 1/16/86 meeting early, see page three of this outline]. Also, according to the chronology, Secretary Shultz attended a "Family Group Lunch" at the White House at which the Iran initiative was discussed. Here, Secretary Shultz is recorded as arguing that the policy is both "unwise and illegal". Secretary Shultz also testified to such before the Select Committees [7/23/87, at 17].

The Vice President's calendar reflects him attending the "Cabinet Meeting" from 2:00 p.m. to 3:00 p.m. on 1/16/86, but does not place him at the subsequent meeting. Nor does Poindexter (See page three of this outline). According to the Vice President's calendar, he did not attend the "Family Group Lunch" on 1/17/86.